

EXC-2013-000909



STATE OF ARKANSAS  
MIKE BEEBE  
GOVERNOR

January 15, 2013

The Honorable Dr. Steven Chu  
Secretary of Energy  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, DC 20585

Dear Secretary Chu:

As Governor of Arkansas, I join with fellow governors representing different regions of the country, in recognizing the natural gas supply revolution that is transforming our states and the nation. This surge in clean, domestic, affordable energy is stimulating local economies, creating millions of jobs, and enabling new opportunities for our nation. But the opportunity could be even greater and the impact more far-reaching. I am writing to you today regarding the importance of liquefied natural gas (LNG) exports and of creating a free and open marketplace for U.S. energy supplies.

First, we were pleased with the long-awaited December release of the report conducted for the Department of Energy (DOE) entitled "Macroeconomic Impacts of LNG Exports from the United States." I was pleased that the report concluded that each LNG export scenario the study reviewed resulted in "net economic benefits" for the United States. The report also found that while additional exports could impact domestic natural gas prices, any increases would be offset by U.S. economic benefits.

Moreover, enabling global markets to access U.S. natural gas supplies will help restore transparency to what has become an artificially depressed and geographically constrained energy marketplace. According to the EIA, crude oil and natural gas have traded at a price ratio of approximately 9:1 for the past five years. Yet, in 2009, the relative price for these commodities began to depart dramatically, at periods exceeding a ratio of 35:1. This departure comes because of a growth in supplies that has outpaced domestic demand, but which is unable to be sold freely into a global marketplace. However, with supplies more than sufficient to meet domestic needs, my fellow governors and I can find no justification for why mineral owners in our states should not have the opportunity to sell their product to a market that offers a true price for its actual value.

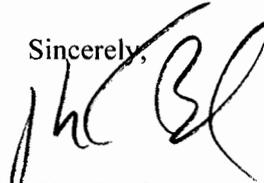
The construction and operation of LNG export terminals and increased exploration and production activity will support thousands, if not many times that, of jobs and billions in investment at a time when such a free-market stimulus is so desperately needed. Clearly, this means growth in domestic GDP and an opportunity to restore our international balance of trade. My fellow counterparts and I do not want this to become another "missed opportunity."

U.S. natural gas supplies could also provide a global opportunity for delivering greater geopolitical stability and national security. Stabilizing world energy markets with U.S. natural gas supplies could help free global economies from being forced to rely primarily on Russia or OPEC for energy needs.

To date, one LNG terminal at Sabine Pass in Louisiana has been approved to sell natural gas overseas, while more than 10 other projects remain pending. As one of our nation's governors, I strongly urge you to move forward in considering and approving these pending projects and completing the economic study your Department is undertaking.

With the recent long-awaited release of the DOE report, I respectfully urge you to advance without delay through the comment period and approval of the pending export project permits. Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Beebe", written over the word "Sincerely,".

Mike Beebe

MB:jb